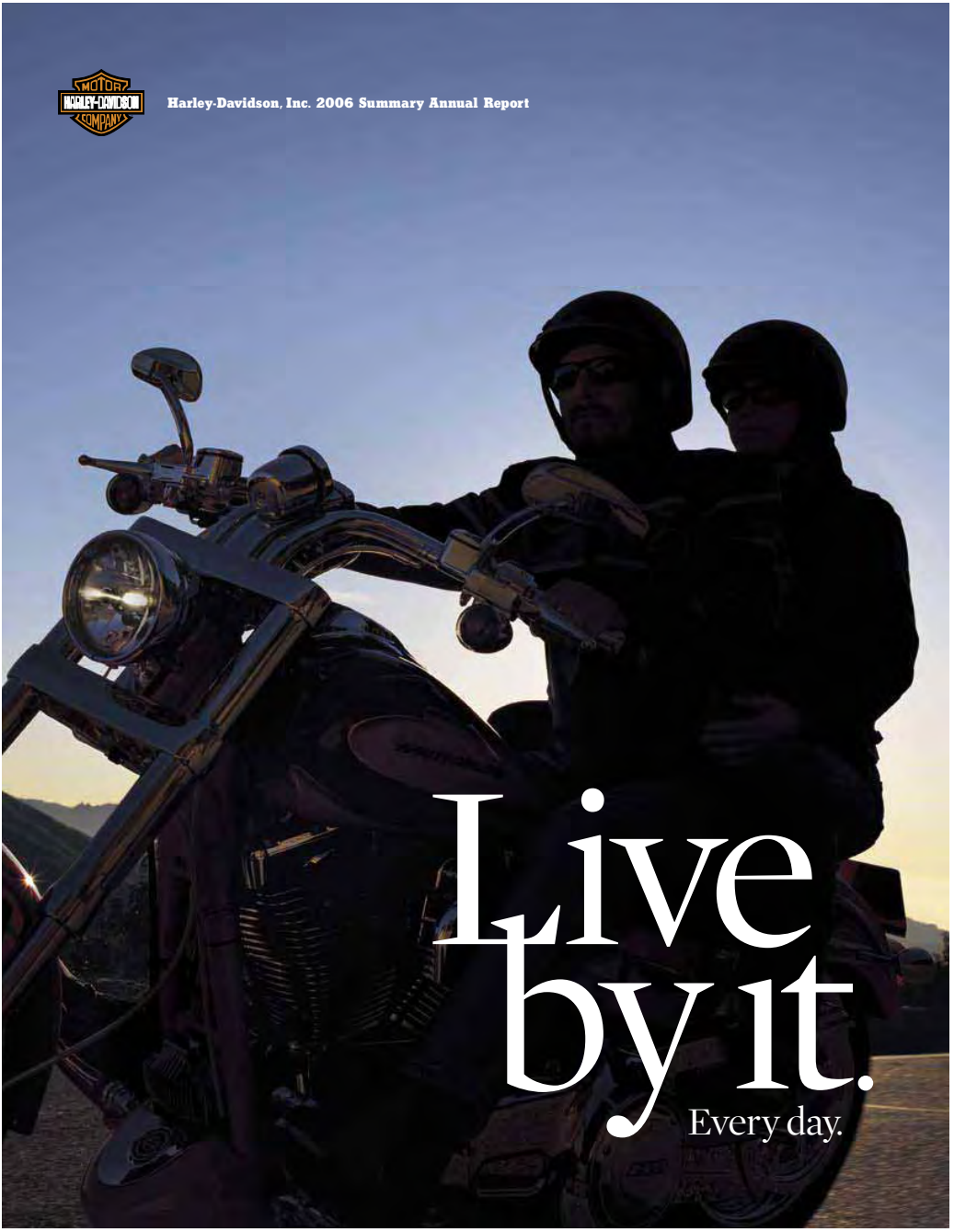
Harley-Davidson, Inc. 2006 Summary Annual Report
Live by it.
Every day.

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**The Company's Annual Report on Form 10-K for the year ended Dec. 31, 2006 is included as a separate enclosure.*

It began as the Motor Company. It became a family.

There are many stories about Harley-Davidson. Each one is testimony to the rare and privileged bond between our Company and our customers.

At Harley-Davidson, every member of our family has a stake in our success. That's a guiding principle that has helped keep us on the right road for more than 100 years.

By caring deeply about the things we have in common, we have something valuable, powerful and enduring. Harley-Davidson has built more than a factory, a business or a motorcycle. We've been lucky enough to build a family.

LETTER TO SHAREHOLDERS

Around every corner, we see opportunity

DEAR FELLOW SHAREHOLDER: One of the great things about any ride on a Harley-Davidson® motorcycle is the chance encounter with riders you've never met before. Whether at a gas pump or back at the dealership after an MDA® ride, the connection is immediate. Harley-Davidson is truly a universal language. There's always something to talk about.

For those of us who mix motorcycling pleasure and business, these encounters are a great opportunity to learn what's on riders' minds. They're also a steady reminder of just how important Harley-Davidson is in the lives of so many people. They reveal all the ways that Harley riders "live by it" every day. Through riding, we also "live by it" ourselves. And with each roadside conversation, our sense of obligation grows to "live by it" through actions that strengthen the brand and grow value for all of today's stakeholders—and tomorrow's.

Harley-Davidson, Inc. President and Chief Executive Officer JIM ZIEMER, *middle, with, from left, Brett Gourley, Sam Mabe, Jeff Molenda, Brian Nishikawa, Carolyn Ihrig and Chuck Ihrig near Reno, Nev.*

While we are proud of our 2006 accomplishments, our sights are clearly set on the future, with many more exciting plans for outstanding new products and for how we go to market.

2006 RESULTS In 2006, Harley-Davidson again demonstrated that we are a strong and growing company, delivering excellent results.

Harley-Davidson's consolidated revenue in 2006 was $5.80 billion, an 8.6% increase over 2005. Net income grew 8.7% to $1.04 billion and diluted earnings per share rose 15.2% to $3.93.

Retail results were impressive as dealers sold 343,981 new Harley-Davidson motorcycles worldwide. Their efforts, and strong customer response to our products, were among the factors that led to this 8.5% increase in worldwide retail motorcycle sales for the year.

Parts & Accessories revenue grew 5.7% to $862.3 million in 2006 and revenue for General Merchandise, which includes MotorClothes® apparel and collectibles, rose 12.0% to $277.5 million in 2006.

Revenue for Buell® motorcycles was $102.2 million, a 9.8% increase from 2005 on an 11.6% rise in shipments. Buell continued to have strong results in international markets, which accounted for more than half of the brand's 2006 retail volume.

Harley-Davidson Financial Services (HDFS) reported operating income of $210.7 million in 2006, a 10.0% increase over 2005. HDFS increased its market share of consumer loans for new Harley-Davidson and Buell motorcycles to approximately 48.5%, compared to 45.0% in 2005. Contributing to this growth, HDFS significantly enhanced its online credit application process and the majority of credit decisions are now made in 15 minutes or less.

At year end, Harley-Davidson had $896 million in cash and marketable securities on hand, even after increasing the Company's total dividend payout 22.5% to $212 million and repurchasing 19.3 million shares of Harley-Davidson common stock at a cost of $1.06 billion.

We also marked two milestones as Harley-Davidson shipped its 5-millionth motorcycle since 1903 and Buell built its 100,000th motorcycle.

But 2006 is history. While we are proud of our accomplishments, our sights are clearly set on the future, with many more exciting plans for outstanding new products and for how we go to market.

CHANGE AND OPPORTUNITY IN INTERNATIONAL MARKETS Nothing better illustrates the opportunities and the evolution of our business than Harley-Davidson's international results. For the second year running, international performance was simply stellar, with retail sales of Harley-Davidson motorcycles outside the U.S. growing 18.6% year over year in 2006, on the heels of a 15.0% increase in 2005.

In 2006, retail sales of Harley-Davidson motorcycles were up 14.6% in Europe, 16.3% in Japan and 15.9% in Canada. All other international markets combined rose 34.3%, including strong growth in long-standing markets for us like Australia, and in newer ones like South Korea. In Australia, we transitioned to direct distribution through a company-owned subsidiary, similar to what we have done in a number of international markets. Altogether, international markets comprised 22.0% of our global retail unit volume in 2006, up from 20.1% in 2005.

What's behind our international growth? The approaches vary somewhat from market to market, but at their core they involve our incredibly strong brand, universal appeal, focused product offerings and our ability to get customers in the saddle and on the road more quickly than ever.

In Europe, we have developed a more robust dealer network, revamped product distribution capabilities and introduced a number of products suited to European tastes and riding styles. In 2006, our European dealers retailed an average of about 100 new Harley-Davidson motorcycles each. That's a vast improvement over an average of about 60 bikes each just five years ago. But for some perspective, 100 motorcycles a year is what our U.S. dealers were doing more than a decade ago. Talk about potential!

In Japan we outpaced the growth of the rest of the heavyweight market. Contributing to this growth was the repeal of a ban on two-up highway riding. Harley-Davidson worked hard, along with others, to bring about this change. The ability of customers to ride two up in places that were once off limits obviously makes the experience of owning a Harley-Davidson motorcycle all the more rewarding.

Of course, our international strategy also includes entering new markets like China. The opening of our dealership in Beijing in April 2006 establishes our presence in what we believe will be a growing market for Harley-Davidson. It will take time to gain traction, but there's already a small and extremely enthusiastic group of Harley riders in China. We believe it's important to be on the ground now for the long-term potential that markets like China present.

STAYING CLOSE TO CUSTOMERS AND EXTENDING OUR REACH In the U.S., our growth continues to reflect sound product strategy, innovative marketing and our ability to stay close to current customers and reach out to new ones.

Our fiercely loyal customers are a source of pride that other companies can only dream of. But it invariably surprises people to learn that more than half of our new motorcycles every year are sold to riders who are new to the Harley-Davidson family, reflecting the powerful draw of our products and our brand for new customers.

What does this tell us? For starters, there are lots of people who are acting on their dream of owning a Harley-Davidson motorcycle. But we believe there's a huge untapped pool of potential Harley-Davidson customers out there, including large underserved populations of younger enthusiasts, women, African Americans and Hispanics.

That's why we continue to increase the resources we devote to new rider outreach and to introducing products like the Harley-Davidson Nightster™ motorcycle with its raw appeal to new, younger customer segments. It's why we and our dealers are marketing to prospects in new and exciting places, from alternative rock concerts and skate board tours to women-only events, NHRA® races, specialty publications and the limitless horizons of the internet.

And anyone who knows Harley-Davidson knows that our success also lies in bringing riders face-to-face with ongoing and unparalleled experiences. Through hundreds of rallies, thousands of local rides, H.O.G.® events, MDA fundraisers, organized cross-country tours, anniversaries (our 105th is coming up in 2008) and more, the Motor Company and dealers worldwide are the experts at staying close to customers—and we turn it up a notch every year.

One of those ways we're turning it up is the Harley-Davidson Museum,™ on which we broke ground in June. When it opens in 2008 in Milwaukee, the Museum will bring a new dimension to the Harley-Davidson experience, telling the stories of the extraordinary people, culture and history of Harley-Davidson and creating more dreams and more dreamers.

POWERING RESULTS THROUGH LOOK, SOUND AND FEEL New products are our lifeblood. They stir customers' souls in countless ways.

During the third quarter, we launched the most extensive new product introduction in our history. It included four new motorcycle models and the all-new, more powerful Twin Cam 96™ engine and six-speed transmission on 21 of 38 models. A pull for new customers, these new motorcycles and the Twin Cam 96 engine also gave current customers powerful reasons to trade up.

When it comes to new products, we understand just how competitive the market is. That's why we work hard to keep our motorcycles ten steps ahead of the competition and why it's so important to deliver outstanding value for our customers' hard-earned dollars.

We deliver that value through the look, sound and feel of our motorcycles as they roll down the road. We deliver value through unparalleled options when it comes to customizing. And we also deliver value throughout the product development process as we focus on design and manufacturing efficiencies that yield cost savings and help keep price increases to a minimum. For example, we brought the 2007 model motorcycles to market with an average worldwide increase in MSRP of just over one percent, in part through gains in efficiency on the design and operations side of the business. This focus on operations is also a key factor in our ability to return more value to shareholders through margin improvement.

As we look to the future, everyone in the Harley-Davidson family of employees remains passionate and dedicated to delivering great value and great experiences for our customers and investors.

MOVING AGGRESSIVELY ON CHALLENGES Of course, holding the line on cost isn't the only challenge we're addressing. Thanks to our initiatives over many years to increase motorcycle production capacity, there is a great selection of motorcycles available in dealerships. As a result, waiting times for delivery of customers' motorcycles have been dramatically reduced or eliminated and selling prices are largely in line with MSRP.

We continue to fine-tune our distribution system for motorcycles, to help make sure we build the right mix of products and get them to the right markets in the right quantities. There's still a lot of hard work ahead on this front, but we are making progress. Our efforts involve working closely with our dealers—particularly those in northern climates—as they continue to return to a more normal business environment after years of superheated growth. For Harley-Davidson, retail motorcycle sales drive wholesale shipments—and these wholesale shipments in turn drive company growth.

Like companies everywhere, another challenge is our responsibility to provide for our employees' health care needs while managing costs that could be detrimental to our business over the long term. In 2006, we reached an agreement with our unionized employees in the Milwaukee area that reduces the escalation in health care and other compensation and benefit costs while still providing outstanding total compensation and benefits. We also revamped our health care plan for salaried employees to achieve long-term savings for the Company, but again preserving Harley-Davidson's practice of offering an outstanding level of benefits at a low cost to employees.

The strike at our final assembly operations in York in February 2007 was also related to this need to manage future costs. The strike was disruptive to employees, suppliers, our business and our ability to meet customers' needs. But here, too, managing future costs is crucial to Harley-Davidson's long-term success for all stakeholders. We appreciate the support of our employees for undertaking shared solutions to these challenges.

THE ROAD AHEAD Harley-Davidson is a strong, steady and growing company and we are focused on keeping it that way through our strategic direction, our ongoing investment in products and operations, and through the outstanding abilities of our entire workforce.

At the senior management level, we were fortunate to bring Tom Bergmann on board in 2006 as Chief Financial Officer. Tom has learned the business with incredible speed. He has been equally adept at taking up motorcycling, logging thousands of miles last summer, including his first pilgrimage to Sturgis. Also moving into a senior leadership role in 2006 was Bob Farchione, who was promoted to General Manager, Parts & Accessories. In early 2007, we announced that Sy Naqvi has joined Harley-Davidson Financial Services in the key post of HDFS President. Sy has a track record of leadership in growth and innovation in the financial services industry and his talents are an excellent complement to HDFS. Also in early 2007, Joanne Bischmann took on a new role as Vice President, Licensing and Special Events; Ron Hutchinson assumed a new role as Vice President, New Business; and Patrick Smith was promoted to General Manager, General Merchandise.

Of course, Harley-Davidson is nothing without the efforts of all of our approximately 10,000 employees worldwide. The abilities and talents of all our employees—great numbers of whom are riders—continue to be our greatest competitive advantage.

As we look to the future, everyone in the Harley-Davidson family of employees remains passionate and dedicated to delivering great value and great experiences for our customers and our investors.

In short, we "live by it" every day so that others can too.

JAMES ZIEMER, *President and Chief Executive Officer, Harley-Davidson, Inc.*

Financial Highlights

In thousands, except per-share amounts	2006 (1) (2)	2005 (1)	2004	2003	2002
Income statement data:					
Net revenue	$5,800,686	$5,342,214	$5,015,190	$4,624,274	$4,090,970
Cost of goods sold	3,567,839	3,301,715	3,115,655	2,958,708	2,673,129
Gross profit	2,232,847	2,040,499	1,899,535	1,665,566	1,417,841
Financial services income	384,891	331,618	305,262	279,459	211,500
Financial services expense	174,167	139,998	116,662	111,586	107,273
Operating income from financial services	210,724	191,620	188,600	167,873	104,227
Selling, administrative and engineering expense	841,051	762,108	726,644	684,175	639,366
Income from operations	1,602,520	1,470,011	1,361,491	1,149,264	882,702
Investment income, net	27,087	22,797	23,101	23,088	16,541
Other, net	(5,367)	(5,049)	(5,106)	(6,317)	(13,416)
Income before provision for income taxes	1,624,240	1,487,759	1,379,486	1,166,035	885,827
Provision for income taxes	581,087	528,155	489,720	405,107	305,610
Net income	$1,043,153	$ 959,604	$ 889,766	$ 760,928	$ 580,217
Weighted-average common shares:					
Basic	264,453	280,303	295,008	302,271	302,297
Diluted	265,273	281,035	296,852	304,470	305,158
Earnings per common share:					
Basic	$3.94	$3.42	$3.02	$2.52	$1.92
Diluted	$3.93	$3.41	$3.00	$2.50	$1.90
Dividends paid per common share	$.810	$.625	$.405	$.195	$.135
Balance sheet data:					
Working capital	$1,954,956	$2,272,125	$2,510,490	$2,087,056	$1,354,486
Finance receivables held for sale	547,106	299,373	456,516	347,112	306,901
Finance receivables held for investment, net	2,280,217	1,943,224	1,655,784	1,390,737	1,138,679
Total assets	5,532,150	5,255,209	5,483,293	4,923,088	3,861,217
Current finance debt	832,491	204,973	495,441	324,305	382,579
Long-term finance debt	870,000	1,000,000	800,000	670,000	380,000
Total finance debt	1,702,491	1,204,973	1,295,441	994,305	762,579
Shareholders' equity	$2,756,737	$3,083,605	$3,218,471	$2,957,692	$2,232,915

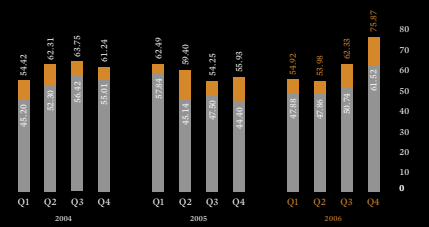
(1) 2006 and 2005 results include the adoption of SFAS No. 123(R), "Share-Based Payment," effective Jan. 1, 2005. See Note 8 to the Consolidated Financial Statements in 2006 Form 10-K for further discussion.

(2) 2006 results include the adoption of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," as of Dec. 31, 2006. See Note 6 to the Consolidated Financial Statements in 2006 Form 10-K for further discussion.

As of Feb. 19, 2007, there were 88,995 shareholders of record of Harley-Davidson, Inc. common stock.

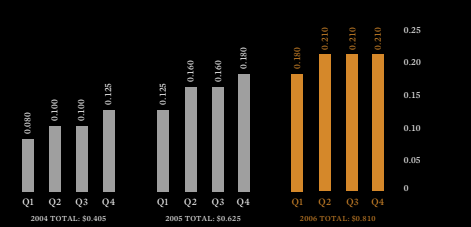
Harley-Davidson, Inc. Common Stock Prices

2004-2006, in dollars ■ HIGH ■ LOW



Harley-Davidson, Inc. Dividends Per Share

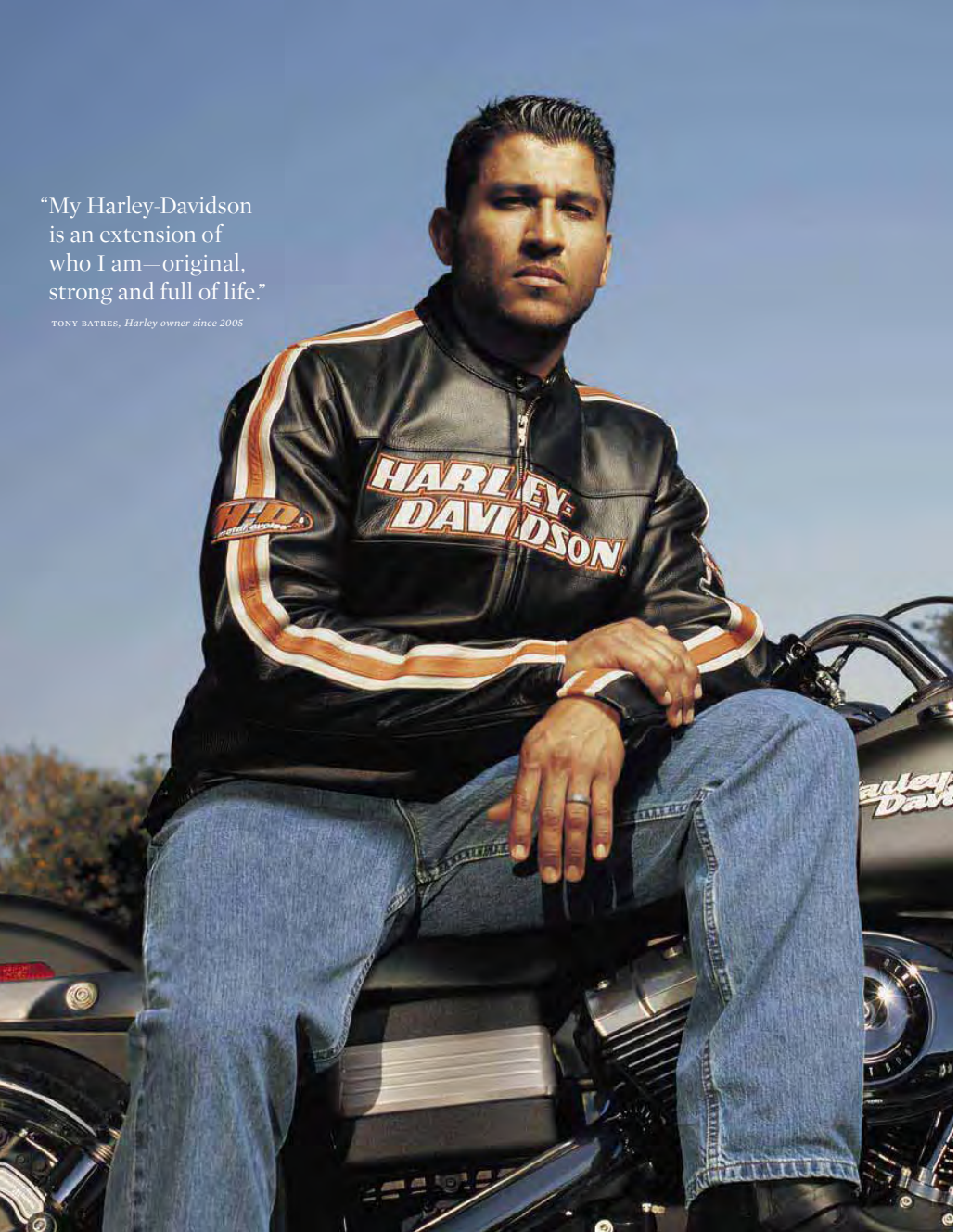
2004-2006, in dollars



Rules of Our Road

Dream. Lead. Belong. Roam. Arrive. Ride. Live. Share.

On Harley-Davidson's stretch of highway, a few enduring principles guide our business, our story and our every day.



"My Harley-Davidson is an extension of who I am—original, strong and full of life."

TONY BATRES, *Harley owner since 2005*

"I have the Bar & Shield tattooed on my neck and wrist. That's how proud I am to own and ride a Harley-Davidson motorcycle."

RICK GAMBOA, *started riding at age 15*

BRAND

Dream in orange and black.

Harley-Davidson awakens a spirit within riders and non-riders alike, unchaining deep-seated dreams. In fact, more than 90 percent of our new motorcycle buyers tell us they are likely to buy again. Equally powerful is the fact that last year more than half of our new motorcycle purchases were made by enthusiasts new to Harley-Davidson.

The allure is real. The experiences we have in common intensify that magnetism. At the end of the day, we know we're on the right track when we see the name Harley-Davidson inked on a rider's skin.

"There are three reasons I ride a Harley-Davidson: the cool styling, the throaty V-Twin sound and the powerful feel."

KAISER NORTON, *professional motorcycle rider, Harley owner since 1994*

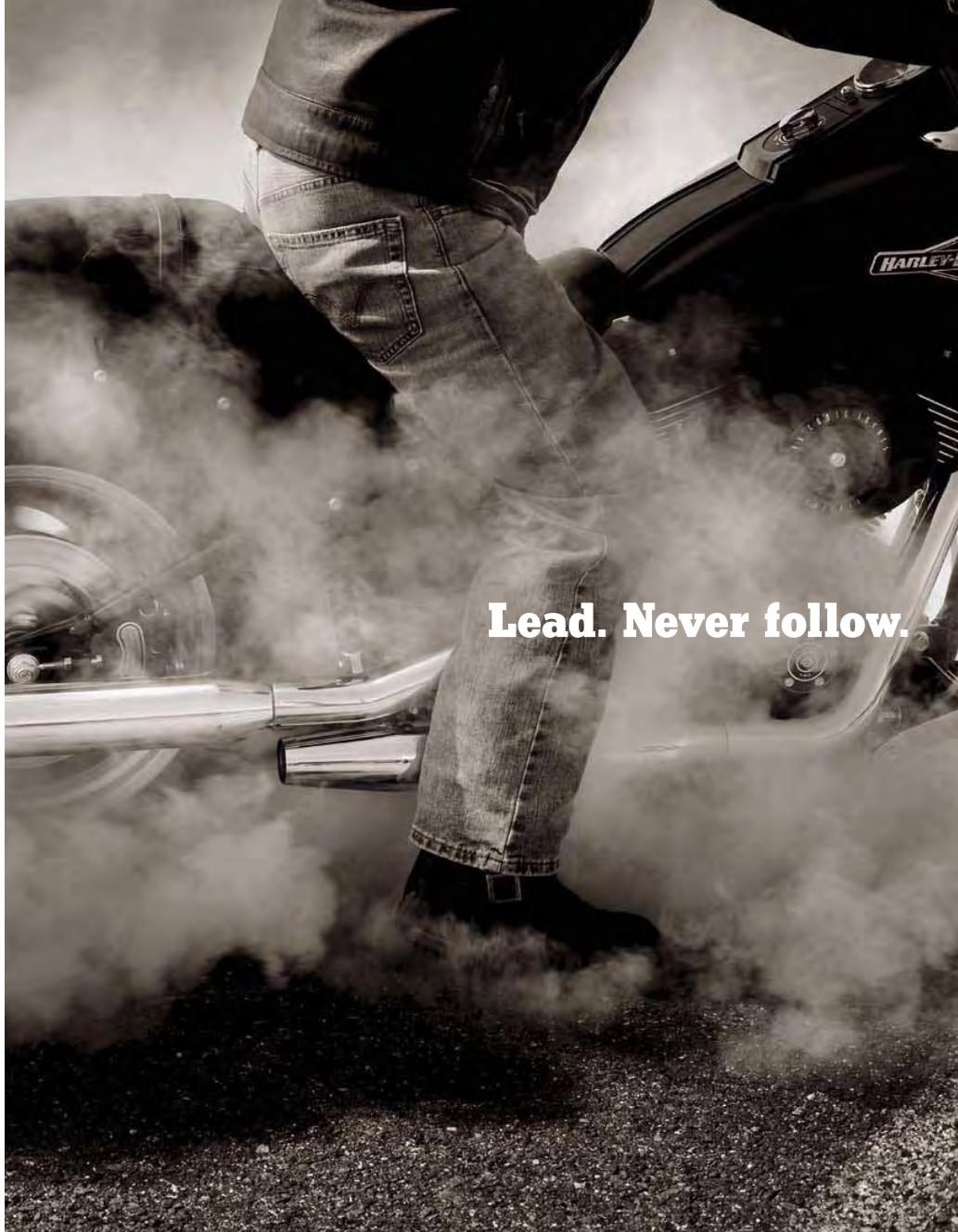
Since the very beginning, Harley-Davidson's passion for two wheels has made the Company a market leader. Motorcycles are our life. They're our reason for being. And 104 years later, we continue to set the standard industry wide, propelled by the same fervor.

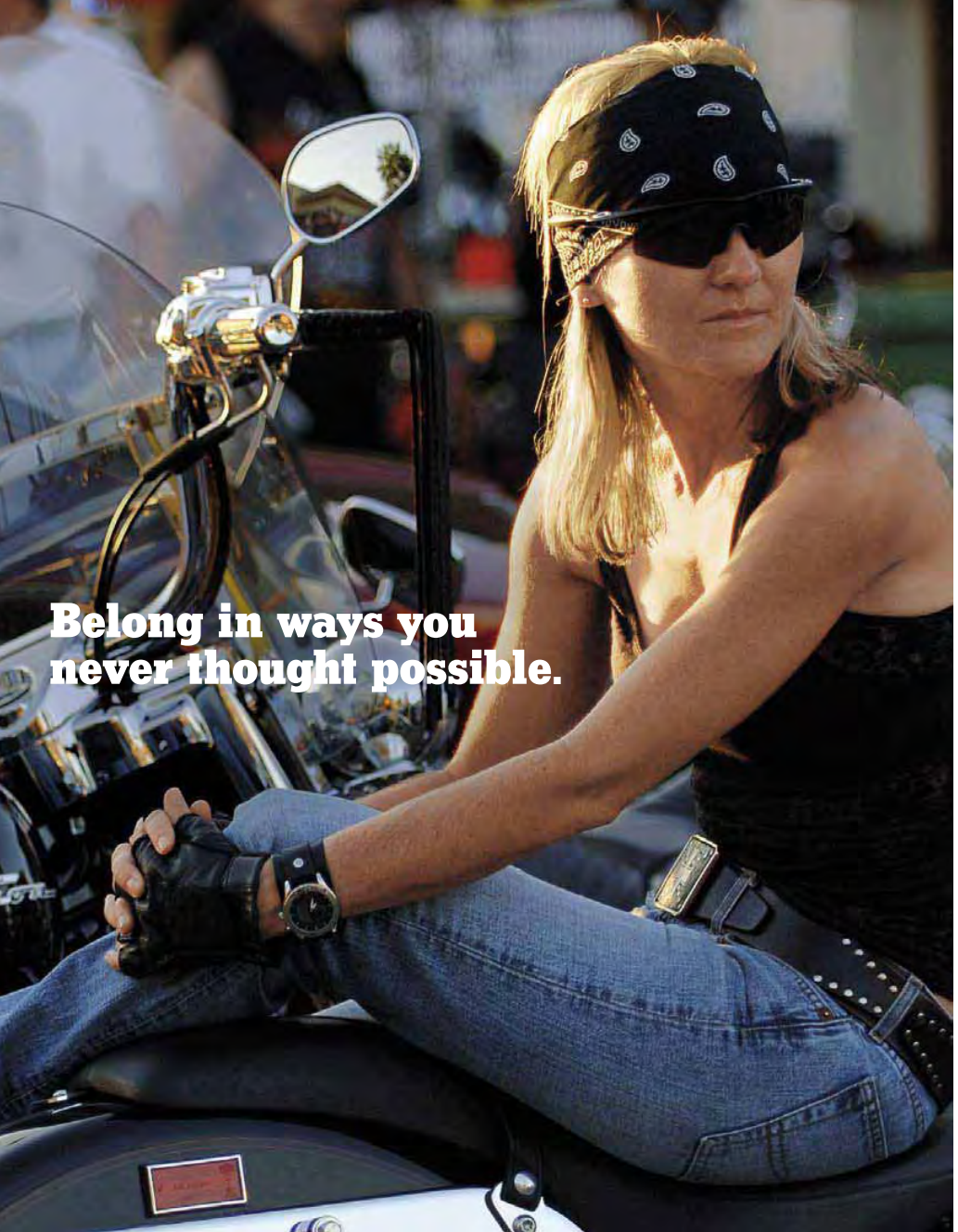
Stoked for 2007, Harley-Davidson launched a more powerful engine and four new models—motorcycles that fired up customers and helped spur an 8.5 percent increase in retail sales.

The Twin Cam 96™ V-Twin engine and 6-speed Cruise Drive™ transmission debuted on 21 models, satisfying our customers' never-ending hunger for more power. The four new bikes and the menacing VRSCDX Night Rod® Special raised heart rates among those looking for a new adventure.

No doubt, the performance and sheer presence of a Harley-Davidson motorcycle stirs the soul. Add to that more than 10,000 Genuine Parts & Accessories and an extensive line of MotorClothes® apparel and it's easy to see how our enthusiasts show the world exactly where they stand.

The V-Twin engine is the legendary heart and soul of Harley-Davidson motorcycles. New for 2007, the Twin Cam 96 powers all motorcycles in the Harley-Davidson Dyna,® Softail® and Touring model families, each of which also features the new 6-speed Cruise Drive transmission.





Belong in ways you never thought possible.

NEW CUSTOMERS

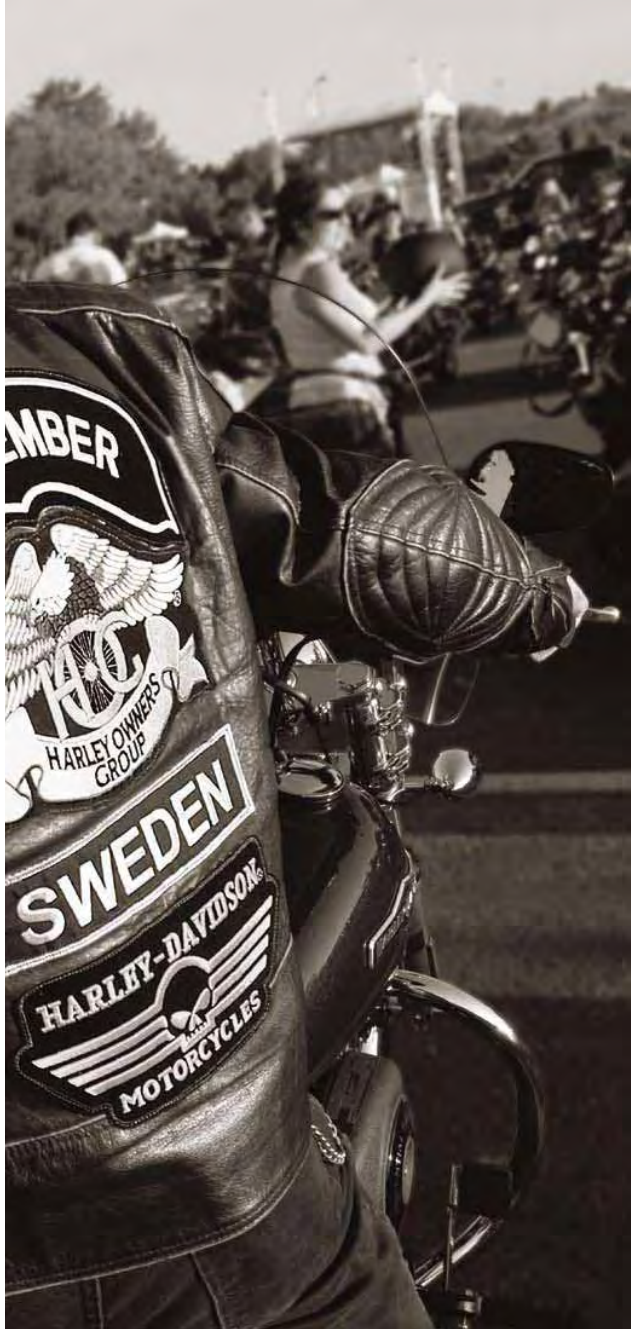
"Before I got my license, I saw bikers go by and felt independence radiating from them. I wanted to be a part of that feeling firsthand."

CARRIE JOHANSEN, *currently rides a 2000 FLSTF Fat Boy®*

The call of adventure reaches far and wide. For some, the freedom of the open road has been on their mind for years. It's also possible that one day they woke up and decided to start doing things on their own terms. While everyone's journey to ownership is unique, we help customers achieve that dream.

For those who know they want to become riders, the Rider's Edge® New Rider Course, Harley-Davidson Authorized Rentals and Harley-Davidson Financial Services make it easy to take the next step. People who are still thinking about joining the ranks of riders often need more help to figure out what's next. So, we've embarked on a full range of marketing outreach activities, new events and new strategies to connect with emerging customer segments. Through these efforts, we welcome more and more African American, Hispanic, women and younger riders into the family every year.

One of the ways new customers are joining our ranks is through Harley-Davidson® Garage Party™ events. Women across the nation have attended these ladies-only events to learn about the Harley-Davidson experience in a friendly, after-hours dealership setting.



INTERNATIONAL

"It's a big world but Harley-Davidson brings us all together."

EVA AND INGVAR HJERTSTRÖM, *Life Members of H.O.G.®*

Each time a Harley-Davidson motorcycle roars into a new market, it's a milestone worth celebrating. It's happening more frequently all over the world. With more riders from more countries joining our ranks every year, there's no doubt that Harley-Davidson translates easily into many languages.

By getting the right motorcycles into the right markets with the right dealer experiences, we continue to build our business internationally. Throughout Europe, an updated distribution system is doing just that. In addition, dealership development programs in cities like Barcelona and Milan help enrich the customer experience, contributing to double-digit sales growth in Europe in each of the last two years. In Asia, a landmark dealership opened in Beijing, complete with a H.O.G.® chapter and a ride to the Great Wall of China.

The translation? Harley-Davidson's international influence continues to grow. In 2006, retail sales in Europe increased 14.6 percent; Japan was up 16.3 percent; Canada was up 15.9 percent and all other international markets combined were up 34.3 percent.

International Retail Sales of Harley-Davidson Motorcycles

Units in thousands

In our international markets, retail sales of Harley-Davidson motorcycles for the full year grew 18.6 percent in 2006.

RETAIL EXPERIENCE

"We don't just deliver bikes, we deliver experiences."

JAY DABNEY *(left), Skip Fordyce Harley-Davidson principal, with customer Londell Ramsey. Londell rides a 2006 VRSCSE Screamin' Eagle® V-Rod®*

A Harley-Davidson dealership is an oasis where every kind of Harley rider can find every kind of genuine custom part, a solid bit of advice or the latest stories from the road. And they always find a welcome atmosphere.

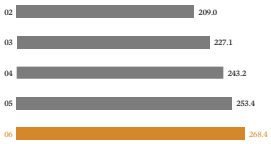
"Each customer has individual needs," says dealer Jay Dabney of Skip Fordyce Harley-Davidson in Riverside, Calif. "Whether they're a long-time customer or newcomer, our staff personally welcomes everyone as they walk through the door."

"Harley-Davidson dealers have the tools they need to ensure an extraordinary retail experience. This year, my sales staff attended a Harley-Davidson University course to learn about and ride competitors' products. Because of thorough training like that, we are prepared to answer any customer question," Dabney says.

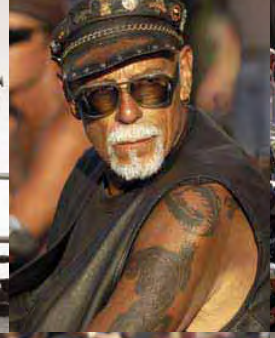
Enthusiastic staff and excellent training are just the beginning. Jay and his crew do whatever they can to give customers the adventure of a lifetime. "Customers spend their hard-earned money on their dreams. We help them live the experience to the fullest."

United States Retail Sales of Harley-Davidson Motorcycles

Units in thousands



In the United States, retail sales of Harley-Davidson motorcycles increased 5.9 percent in 2006, while the U.S. heavyweight motorcycle market as a whole was up 4.9 percent for the same period.



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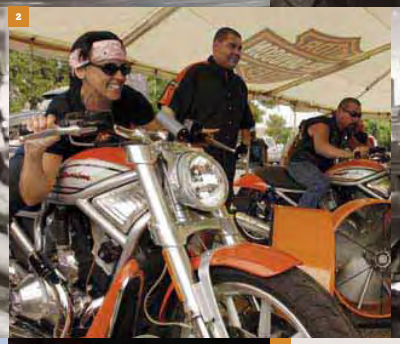

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4

EXPERIENCES

Ride together. Roll together.

Around every corner, our riders find that there are endless ways to experience Harley-Davidson. This year, riders cheered for Andrew Hines as he successfully defended his NHRA POWERade® Championship and clinched his third consecutive Pro Stock Motorcycle Championship (**1**). While at the track, race fans tested their skills on a drag race simulator at Harley-Davidson's Acceleration Nation™ exhibit (**2**). On Memorial Day weekend, tens of thousands of Harley riders paid tribute to U.S. veterans, prisoners of war and those missing in action on the Rolling Thunder® Ride for Freedom in the nation's capital (**3**). This year, women riders entered the Saddle Up for Sturgis contest for a chance to ride to Sturgis alongside Karen Davidson, great granddaughter of founder William A. Davidson. Five lucky winners completed the ride in August (**4**). Whatever the event, wherever the road, there's always a new experience in store for Harley-Davidson riders.

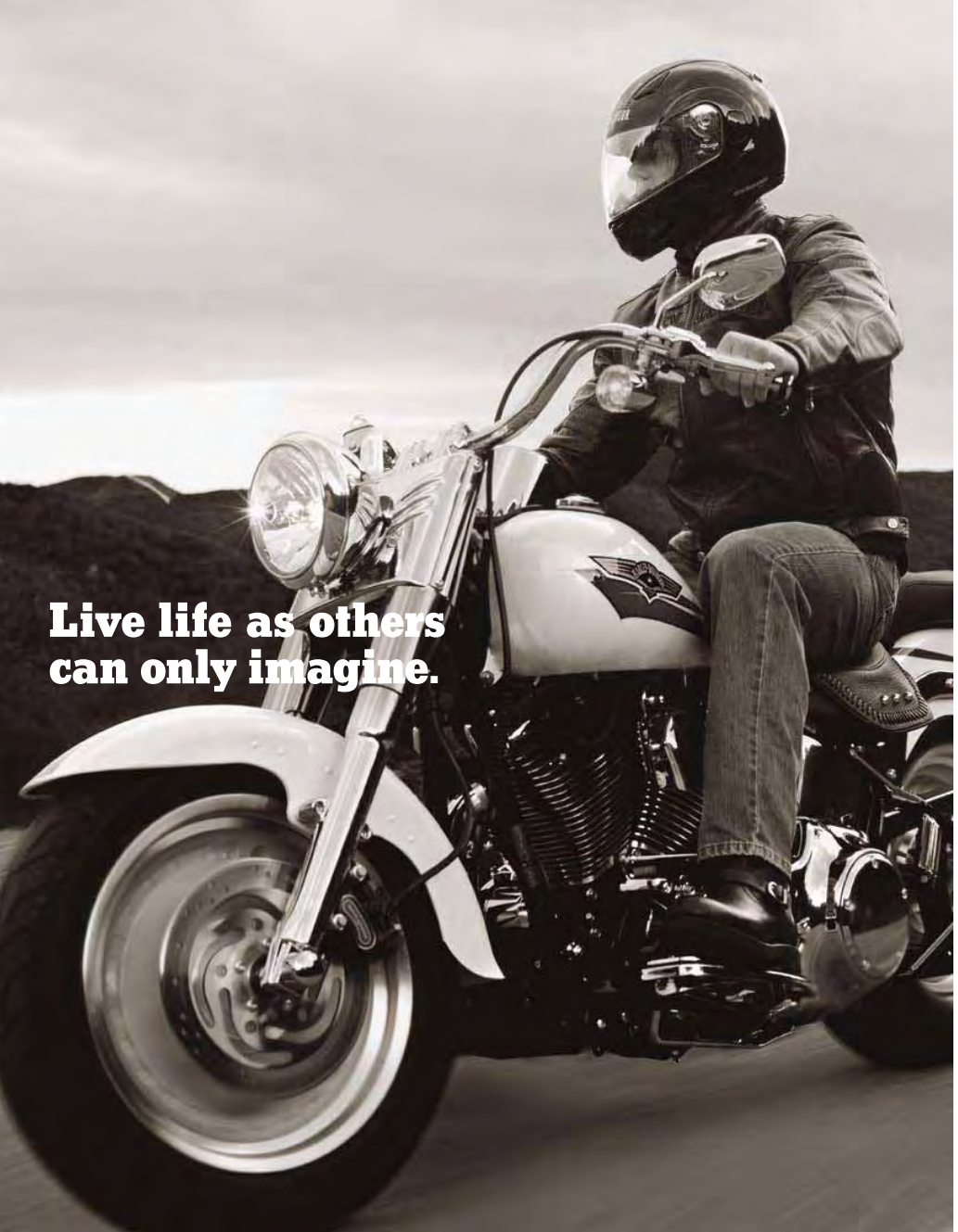
Dear Harley-Davidson,

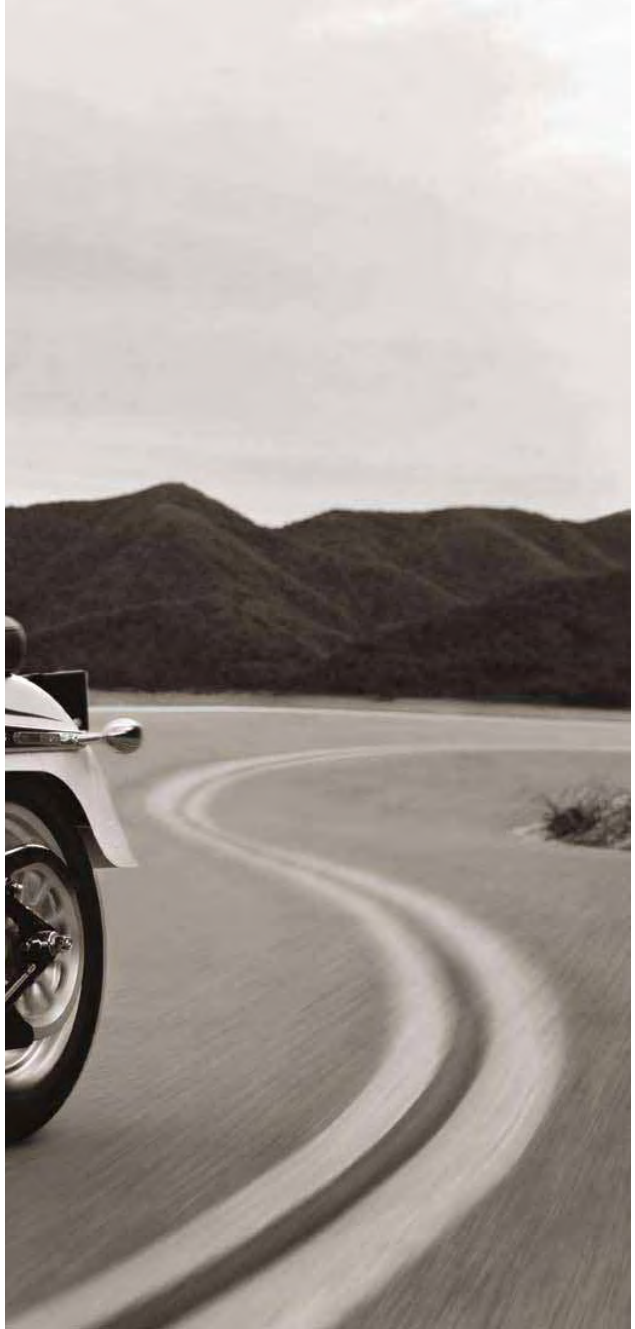
One weekend last winter, my wife Theresa and I headed out on one of our favorite rides in North Texas. As we headed south on Hwy. 4 near Jacksboro, she leaned forward and said, "I think it's time I get my own bike."

Now, when my wife makes up her mind, nothing is going to stop her. She took the Rider's Edge New Rider Course and by January 2006 she had her own 2006 Sportster 1200 Low. She outfitted it with road pegs, saddle bags, custom seat and, of course, fringe on her hand controls to match mine. She was ready for the long haul.

We recently went on a 2,100 mile trek through Seven states in seven days, through the Great Smoky Mountains National Park. It was a fantastic trip mainly because Theresa fulfilled a dream. But I couldn't be more proud to have my bride riding side by side with me - it doesn't get any better than that.

Sincerely,
Robert "Cowboy" Anderson
Justin, Tx





EXPERIENCES

"My best riding experiences have been taking my son for rides on sunny Sundays."

DONAVAN VREM, *started riding at age 10*

You can't put a price tag on the feelings our riders have about their motorcycles and motorcycling experiences. Those feelings go a long way to explain the significant customer loyalty we enjoy.

Harley-Davidson grows value by finding new ways to create memorable experiences for our riders. Now more than one million members strong, the Harley Owners Group® offered 150 national, international and statewide events and rallies to its members last year, including touring rides throughout the world. Beyond H.O.G.® gatherings, Harley-Davidson and Buell participated in more than 300 other events to showcase our products and services and give riders a chance to demo the latest motorcycles. At almost all of these events, riders talked with one of our senior leaders who attended specifically to hear what's on customers' minds. And that just barely skims the surface.

Whether at a rally with other bikers or solo on a curvy road, riding experiences become life-long memories and that's something money can't buy.

Buell Motorcycle Company brings a new riding experience to twisty roads. Building on Buell's industry leading engineering is the exciting Ulysses® XB12X, an adventure sport motorcycle designed to carry its rider over any road surface. Supported by long-travel suspension, rolling on tires optimized for street and off-pavement traction, and powered by the muscular torque of a Buell® Thunderstorm® V-Twin engine, the Ulysses XB12X can carry its rider places mere sportbikes fear to tread.

GIVING BACK

"I ride because of the freedoms given to me by all those who gave for our country."

ED CZARNECKI, *Vietnam War Veteran, Harley owner since 1969*

Commitment to the world beyond motorcycling has always set our riders apart. They value courage and freedom and have a generous spirit, opening us all to the importance of giving back.

For those men and women who have sacrificed so much to protect our freedom, the Harley-Davidson Foundation made a $1 million pledge in 2006 to the Disabled American Veterans (DAV). The grant supports the DAV Mobile Service Office Program, bringing much-needed information and counseling directly to veterans about the services and benefits available to them. Overall, the Harley-Davidson Foundation made $3.7 million in grants to build strong communities in locations where Harley-Davidson has facilities and employees.

And for 26 years, our riders, dealers, suppliers and employees have raised funds to find a cure for muscular dystrophy. Together we raised $5 million last year, bringing our 26-year total to $60 million in support of the Muscular Dystrophy Association.

In word and in deed, Harley-Davidson riders believe in making dreams come true for those in need.

Harley-Davidson has a proud kinship with those who serve in the military. About 30 percent of our riders in the United States are veterans or are currently enlisted. The new Patriot Special Edition motorcycles can be customized with a special gas tank cloisonné emblem to show a rider's military service.

2006 FINANCIAL PERFORMANCE SUMMARY

Create value by fulfilling dreams.

FINANCIAL PERFORMANCE In 2006, the Company's net revenue and net income grew 8.6 percent and 8.7 percent, respectively, making 2006 the 21st consecutive year of net revenue and net income growth. Net revenue of $5.8 billion was $458 million higher than in 2005, while 2006 net income of $1.04 billion was $84 million higher than 2005.

Revenue from sales of Harley-Davidson motorcycles grew to $4.6 billion in 2006, an increase of 8.8 percent over 2005. Buell motorcycle revenue of $102 million was up 9.8 percent. Revenue from Genuine Parts & Accessories in 2006 totaled $862 million, a 5.7 percent increase over the previous year and General Merchandise revenue was $277 million, an increase of 12.0 percent compared to 2005.

Harley-Davidson continues to effectively manage its balance sheet and realized a return on average equity (ROE) during 2006 of 35.7 percent. The Company has maintained an ROE over 25 percent every year for more than 5 years and over 20 percent every year for more than a decade.

The Company's share price increased 36.9 percent during 2006. For the ten-year period ending on December 31, 2006, compound annual total return on Harley-Davidson stock was 20.3 percent per year. The Company increased its dividend for the 14th consecutive year in 2006, increasing dividends paid by over 29.6 percent compared to 2005. Since the end of 1986, the year Harley-Davidson, Inc. became a public company, shareholders have enjoyed a compound annual total return growth rate of 31.3 percent, including five 2-for-1 stock splits.

HARLEY-DAVIDSON MOTORCYCLES Worldwide retail sales of Harley-Davidson motorcycles grew 8.5 percent in 2006 and exceeded the worldwide market growth rate for heavyweight motorcycles for the eighth year in a row.

In the United States, 2006 retail sales of Harley-Davidson motorcycles increased 5.9 percent over 2005. Total worldwide retail sales of new Harley-Davidson motorcycles grew 8.5 percent during the same period, once again increasing Harley-Davidson's worldwide market share of new heavyweight motorcycle sales.

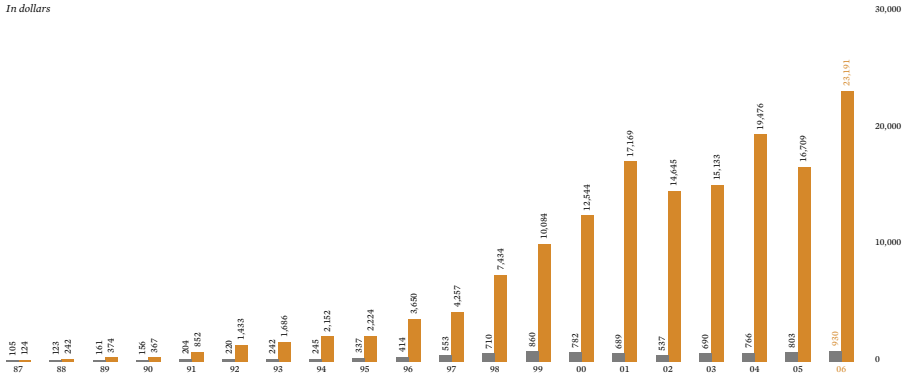
In 2006, Harley-Davidson motorcycle shipments were a record 349,196 units, up 6.1 percent over 2005. This shipment increase and growing worldwide demand allowed Harley-Davidson motorcycles to achieve a greater than 30 percent share of the worldwide heavyweight market. In the United States, retail sales of Harley-Davidson motorcycles increased 5.9 percent while the U.S. heavyweight motorcycle market as a whole was up 4.9 percent for the same period.

HARLEY-DAVIDSON FINANCIAL SERVICES Harley-Davidson Financial Services (HDFS) continued a 13-year run of strong earnings growth. Operating income increased from $192 million in 2005 to $211 million in 2006 as HDFS benefited from its increased wholesale and retail lending and strong market share.

The Company's Annual Report on Form 10-K for the year ended Dec. 31, 2006 is included as a separate enclosure.

Harley-Davidson, Inc. vs. Standard & Poor's 500 Composite Index

In dollars

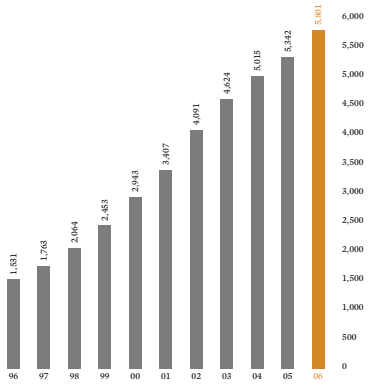


20-YEAR COMPARISON OF YEAR-END VALUE OF $100 INVESTED DEC. 31, 1986. ASSUMES FOR BOTH HARLEY-DAVIDSON AND S&P THAT ALL DIVIDENDS ARE REINVESTED.

Harley-Davidson, Inc.

Net Revenue

Dollars in millions



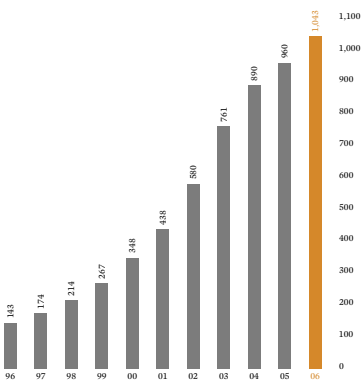
10-YEAR CAGR 14.2%

CAGR Compound Annual Growth Rate

Harley-Davidson, Inc.

Net Income from Continuing Operations

Dollars in millions

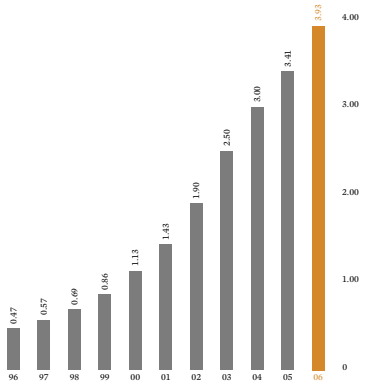


10-YEAR CAGR 21.9%

Harley-Davidson, Inc.

Diluted Earnings Per Share—Continuing Operations

In dollars

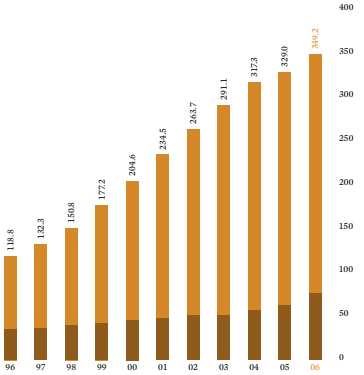


10-YEAR CAGR 23.7%

Harley-Davidson Motorcycle

Worldwide Shipments

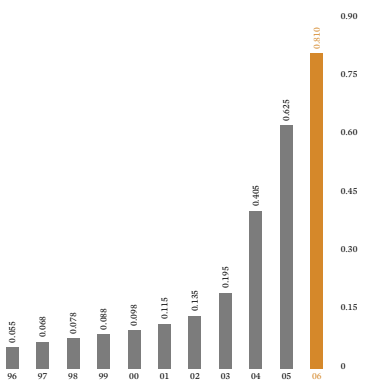
Units in thousands



Harley-Davidson, Inc.

Dividends Per Share

In dollars, adjusted for splits

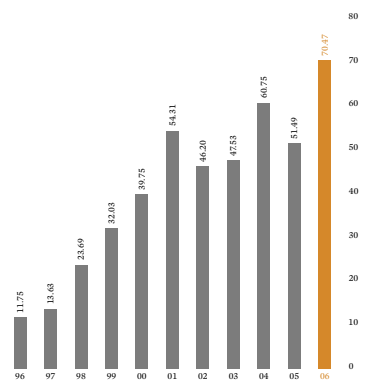


10-YEAR CAGR 30.9%

Harley-Davidson, Inc.

Year-End Stock Prices

In dollars, adjusted for splits



10-YEAR CAGR 19.6%

Worldwide

Net Revenue by Product Line

Dollars in millions

78.5%	HARLEY-DAVIDSON MOTORCYCLES	$4,553.6
14.9%	PARTS & ACCESSORIES	862.3
4.8%	GENERAL MERCHANDISE	277.5
1.8%	BUELL MOTORCYCLES	102.2
	OTHER	5.1
	TOTAL NET REVENUE	$5,800.7

Worldwide

Net Revenue by Region

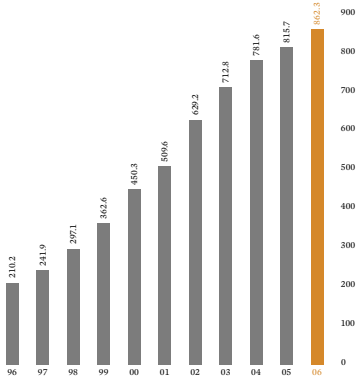
Dollars in millions

79.7%	UNITED STATES	$4,619.0
10.7%	EUROPE	621.1
3.6%	JAPAN	207.9
3.2%	CANADA	189.0
2.8%	REST OF WORLD	163.7
	TOTAL NET REVENUE	$5,800.7

Worldwide

Parts and Accessories Net Revenue

Dollars in millions

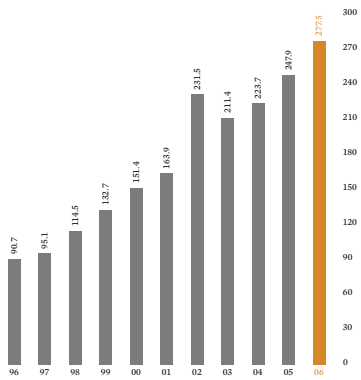


10-YEAR CAGR 15.2%

Worldwide

General Merchandise Net Revenue

Dollars in millions

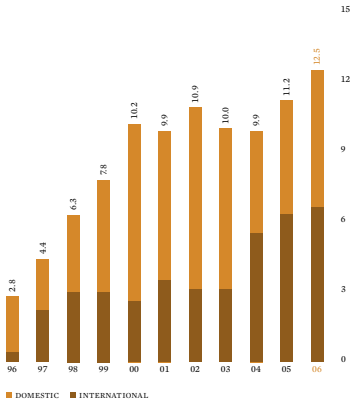


10-YEAR CAGR 11.8%

Buell Motorcycle

Worldwide Shipments

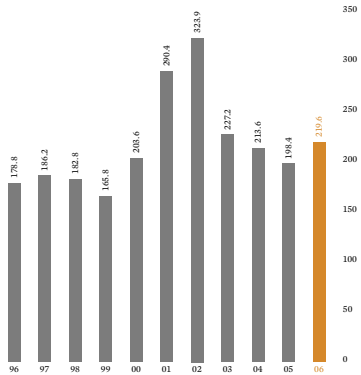
Units in thousands



Harley-Davidson, Inc.

Capital Expenditures

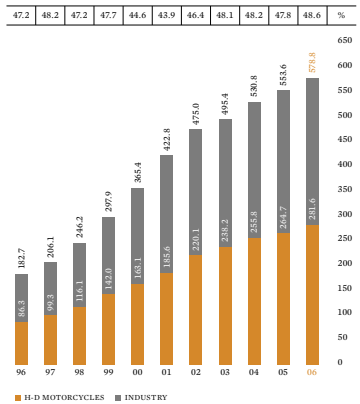
Dollars in millions



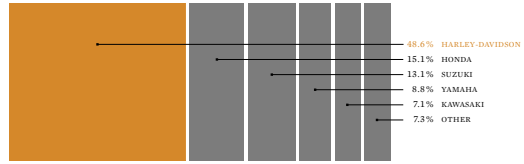
North America

651+CC Motorcycle Registrations H-D vs. Industry*

Units in thousands



MARKET SHARE



Data includes U.S. and Canada.

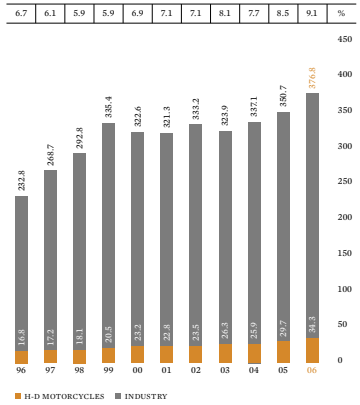
U.S. Source: Motorcycle Industry Council (MIC) (1996-2006).
Canada Source: Moped & Motorcycle Industry of Canada.

**The Company must rely on data compiled by independent agencies to obtain retail registrations data necessary for calculating Market Share. The retail registrations data for Harley-Davidson motorcycles included in these tables may differ slightly from the Harley-Davidson retail sales data presented elsewhere by the Company. The differences are not significant and generally relate to the timing of data submissions to the independent sources.*

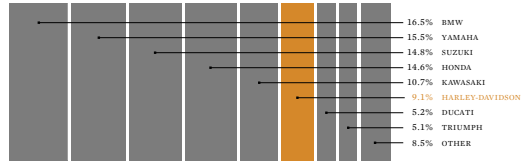
Europe

651+CC Motorcycle Registrations H-D vs. Industry*

Units in thousands



MARKET SHARE



Data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The Company derives its market registration data and market share calculations from information provided by Giral S.A. Total industry registrations for certain prior years have been adjusted to include additional motorcycles that had previously not been included by the Company. Accordingly, the Company's market share has been updated from prior presentations.

**The Company must rely on data compiled by independent agencies to obtain retail registrations data necessary for calculating Market Share. The retail registrations data for Harley-Davidson motorcycles included in these tables may differ slightly from the Harley-Davidson retail sales data presented elsewhere by the Company. The differences are not significant and generally relate to the timing of data submissions to the independent sources.*

2006 Board of Directors, Harley-Davidson, Inc.

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Chairman, Simpson Thacher & Bartlett LLP

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Chairman of the Board, Harley-Davidson, Inc.

George H. Conrades
Executive Chairman, Akamai Technologies, Inc.

Judson C. Green
President and Chief Executive Officer, NAVTEQ Corporation

Donald A. James
Chairman and Chief Executive Officer, Deeley Harley-Davidson Canada/ Fred Deeley Imports Ltd.

Sara L. Levinson
ChairMom, ClubMom, Inc.

George L. Miles, Jr.
President and Chief Executive Officer, WQED Multimedia

James A. Norling
Chairman of the Board, Chartered Semiconductor Manufacturing Ltd.

James L. Ziemer
President and Chief Executive Officer, Harley-Davidson, Inc.

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Vice President and Chief Financial Officer

James M. Brostowitz
Vice President and Treasurer Chief Accounting Officer

Gail A. Lione
Vice President, General Counsel and Secretary Chief Compliance Officer

James L. Ziemer
President and Chief Executive Officer

2006 Motor Company Leadership

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Vice President, Licensing and Special Events

David P. Bozeman
General Manager, Powertrain Operations, Capitol Drive

James M. Brostowitz
Vice President and Treasurer

Leroy Coleman
Vice President, Advanced Operations

Rodney J. Copes
Vice President and General Manager, Powertrain Operations, Pilgrim Road

William B. Dannehl
Vice President, North American Sales and Dealer Services

William G. Davidson
Senior Vice President and Chief Styling Officer

Karl M. Eberle
Vice President and General Manager, Kansas City Operations

Robert S. Farchione
General Manager, Parts and Accessories

Fred C. Gates
General Manager, York Vehicle Operations

James E. Haney
Vice President and Chief Information Officer

Michael P. Heerhold
General Manager, Tomahawk Operations

Timothy K. Hoelter
Vice President, Government Affairs

Ronald M. Hutchinson
Vice President, New Business

Michael D. Keefe
Vice President and Director, Harley Owners Group

Kathleen A. Lawler
Vice President, Communication

Lara L. Lee
Vice President, Enthusiast Services

Matthew S. Levatich
Vice President, Materials Management

Gail A. Lione
Vice President, General Counsel and Secretary

James A. McCaslin
President and Chief Operating Officer

Jeffrey A. Merten
Managing Director, Asia Pacific and Latin America

Louis N. Netz
Vice President and Director, Styling

John A. Olin
Vice President, Controller

Steven R. Phillips
Vice President, Quality, Reliability and Technical Service

Harold A. Scott
Vice President, Human Resources

Patrick Smith
General Manager, General Merchandise *As of Jan. 11, 2007*

W. Kenneth Sutton, Jr.
Vice President, Engineering

Michael van der Sande
Managing Director, Harley-Davidson Europe *As of Feb. 9, 2007*

Jerry G. Wilke
Vice President, Marketing, Customer Relationships and Motorcycle Product Planning

2006 Harley-Davidson Financial Services Leadership

Lawrence G. Hund
Vice President, Operations and Chief Financial Officer

Katherine H. Marczak
Vice President, Chief Credit and Administrative Officer

Saiyid T. Naqvi
President *As of Feb. 1, 2007*

2006 Buell Motorcycle Company Leadership

Erik F. Buell
Chairman and Chief Technical Officer, Buell Motorcycle Company

Jon R. Flickinger
President and Chief Operating Officer, Buell Motorcycle Company

Company Information

Harley-Davidson, Inc.
3700 West Juneau Avenue
P.O. Box 653
Milwaukee, WI 53201-0653

Internet Addresses:
www.harley-davidson.com
www.buell.com

Plant Tour Information:
877-883-1450
York, Pa. *motorcycles*
Kansas City, Mo. *motorcycles*
Milwaukee, Wis. *engines*

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Shareholder Information

Annual Shareholder Meeting
The Annual Meeting of Shareholders will convene at 10:30 a.m., CT, on Saturday, April 28, 2007, at the Marriott Milwaukee West, W231 N1600 Corporate Court, Waukesha, WI 53186.

SEC Form 10-K
A copy of the 2006 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on Feb. 27, 2007, may be obtained from the Company without charge to the shareholders or via the Company's Web site on or about March 27, 2007.

Dividend Reinvestment and
Stock Repurchase Plan
To obtain information on our Dividend Reinvestment and (BYDS) *Buy Your Direct Stock, please contact ComputerShare.*
ComputerShare Trust Company
2 North LaSalle Street
Chicago, IL 60602
866-360-5339 *toll-free*

Registrar and Transfer Agent
ComputerShare Investor Services, LLC
P.O. Box A3504
Chicago, IL 60690-3504
866-360-5339 *toll-free*
or 312-360-5339

Contact Investor Relations at:
877-HDSTOCK *toll-free*
414-343-4782, or try our e-mail:
investor.relations@harley-davidson.com

Corporate Governance Materials
may be obtained via our Web site:
www.harley-davidson.com

Communication with the Board
c/o the Secretary of Harley-Davidson, Inc.
3700 West Juneau Avenue
P.O. Box 653
Milwaukee, WI 53201-0653

HOG
Listed
NYSE

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PRINTING Anderson Lithograph
PAPER Sappi Opus Gloss Cover, Matte Text

Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
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FSC
10%

2007 WORLDWIDE EVENTS

Join the calling.

Owning a Harley-Davidson motorcycle isn't about having, it's about doing. Join up with Harley-Davidson and like-minded souls at events, races and rallies and have the experience of a lifetime. With events planned in locations all over the world, you'll have no trouble finding us. Here is just a sampling of the more than 300 places we will be this year:

APRIL 26-28	Laughlin River Run, *Laughlin, Nev.*
APRIL 27-29	5th Annual Costa Rica National H.O.G. Rally, *San Jose, Costa Rica*
MAY 5-6	Eastern Dealers Association Ride for Life, *Reading, Pa.*
MAY 26-27	Rolling Thunder, *Washington D.C.*
JUNE 14-16	Laconia Bike Week, *Laconia, N.H.*
JUNE 25-28	Ridin' the Rockies H.O.G. Rally, *Ft. Collins, Colo.*
JUNE 27	Warped Tour, *Phoenix, Ariz.*
JULY 13-15	Hamburg Harley Days, *Hamburg, Germany*
AUG. 1-5	National Bikers Round Up, *Kansas City, Mo.*
AUG. 3-12	Sturgis Rally and Races, *Sturgis, S.D.*
AUG. 24-25	CLUB H.O.G.® Down Home: 24th Annual Rally, *Knoxville, Tenn.*
SEPT. 14-16	Tomahawk Open House, *Tomahawk, Wis.*
OCT. 18-21	Biketoberfest, *Daytona Beach, Fla.*
NOV. 24-25	3rd Annual Hong Kong National H.O.G. Rally, *Hong Kong, China*
DEC. 7-9	IMS Show, *Long Beach, Calif.*

For a complete, up-to-date list or for events in your area, visit www.harley-davidson.com. Dates subject to change.

WE FULFILL DREAMS THROUGH THE EXPERIENCES OF MOTORCYCLING
BY PROVIDING TO MOTORCYCLISTS AND TO THE GENERAL PUBLIC
AN EXPANDING LINE OF MOTORCYCLES, BRANDED PRODUCTS AND
SERVICES IN SELECTED MARKET SEGMENTS.

Harley-Davidson, Inc. 3700 West Juneau Avenue, P.O. Box 653, Milwaukee, Wisconsin 53201-0653 www.harley-davidson.com